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**Testimony on Raised Bill 596: AAC The Duties of the Connecticut Health Insurance Exchange**

**Insurance & Real Estate Committee  
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**Submitted by: Stephen A. Karp, MSW, Executive Director**

The National Association of Social Workers, CT Chapter supports Raised Bill 596 that directs the Connecticut Health Insurance Exchange to actively negotiate, on behalf of consumers, health insurance premiums with insurers on rates for plans offered through the Exchange.

A key and overarching purpose of the Affordable Care Act was to make health insurance both accessible and more affordable to consumers. One of the most effective means for achieving this purpose is to negotiate premium rates with insurers so as to assure that policies that reach the general public and businesses through the Exchange are competitively priced and maximize the purchasing power of consumers through the vehicle of the Exchange. This can only be fully accomplished if the Exchange uses its purchasing power to drive down costs.

As a small business that struggles to afford health insurance coverage for our employees we are at the mercy of insurers with no ability to negotiate rates. As a small business that currently covers two employees (four eligible but two have opted out) we pay the highest rates. We had hoped the Exchange would offer small businesses a means for purchasing insurance at more affordable rates but unless Raised Bill 596 passes that will not be the case. Without negotiation of premium pricing the Exchange becomes just another broker and does nothing for small businesses that already have access to independent insurance brokers. It will be a shame if this opportunity to assist small businesses is lost. Non-negotiation of rates will reduce the business coming to the Exchange as there will be no advantage to businesses such as ours to utilize the Exchange's policies.

In Massachusetts an exchange is operating where premiums are negotiated with insurers. This exchange has sufficient insurers taking part in it and the policies under this exchange have had rate increases that are half of what the rate increases have been for policies outside of the Massachusetts exchange. Contrast this successful approach with Utah's exchange where Utah does not negotiate premium rates in the exchange and prices are higher in the Utah exchange than policy rates outside of the exchange. This should be instructive to Connecticut as there is no reason to believe our experience will be any different.

The Connecticut Exchange is a vehicle that will bring new business to insurers and if done right it will drive a significant amount of new enrollees into policies sold through the Exchange. Insurers want to attract new enrollees so as to build their business and enhance their revenue. Given the opportunity being presented to insurers we see no reason why insurers would not be willing to negotiate for best premiums in return for significant amounts of new enrollees.

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The time to negotiate premium rates is now, when the Exchange is being built and launched. This will lead to a more successful start for the Connecticut Exchange where consumers and small businesses will find it advantageous to purchase health insurance through the Exchange. On the other hand if the Connecticut Exchange continues with their current plan of not negotiating premium rates consumers and small businesses that explore the Exchange will not find it helpful and business lost at the start is hard to get back.

Asking consumers and small businesses to wait until some future point in time for negotiated rates fails to meet the current needs of health insurance purchasers. As a consumer and a small business representative I can tell you that we cannot wait any longer, in fact we have already waited too long. The time is now; the Exchange is our best vehicle, so no more excuses, let's seize the moment to do what everyone professes they want that is making health insurance premiums more affordable!

